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**State:** District of Columbia **First Filing Company:** Selective Insurance Company of America, ...  
**TOI/Sub-TOI:** 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)  
**Product Name:** Adoption of ISO's 2012 Commercial Property multistate revisions  
**Project Name/Number:** Adoption of ISO's 2012 Commercial Property multistate revisions/ISOADOPT-2016-CFR

## Filing at a Glance

Companies: Selective Insurance Company of America  
Selective Insurance Company of the Southeast  
Selective Way Insurance Company

Product Name: Adoption of ISO's 2012 Commercial Property multistate revisions

State: District of Columbia

TOI: 01.0 Property

Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Filing Type: Rate/Rule

Date Submitted: 11/18/2016

SERFF Tr Num: SELC-130814834

SERFF Status: Submitted to State

State Tr Num:

State Status:

Co Tr Num: ISOADOPT-2016-CFR

Effective Date 06/01/2017

Requested (New):

Effective Date 06/01/2017

Requested (Renewal):

Author(s): Daniel Saillant, Richard DeSanctis

Reviewer(s):

Disposition Date:

Disposition Status:

Effective Date (New):

Effective Date (Renewal):

**State:** District of Columbia **First Filing Company:** Selective Insurance Company of America, ...  
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## General Information

Project Name: Adoption of ISO's 2012 Commercial Property multistate revisions Status of Filing in Domicile: Pending

Project Number: ISOADOPT-2016-CFR

Reference Organization: ISO

Reference Title: N/A

Domicile Status Comments:

Reference Number: CF-2011-RRU11, CF-2011-RLC11, CF-2012-RLC09, CF-2012-RRU09, CF-2013-RLA1, CF-2014-RLA1, CF-2016-RLA1

Advisory Org. Circular: LI-CF-2012-229, LI-CF-2012-158, LI-CF-2012-104, LI-CF-2012-103, LI-CF-2013-069, LI-CF-2014-070, LI-CF-2016-044

Filing Status Changed: 11/18/2016

State Status Changed:

Created By: Daniel Saillant

Deemer Date:

Submitted By: Daniel Saillant

Corresponding Filing Tracking Number: ISOADOPT-2016-CFF

Filing Description:

Selective Insurance Company of America and its affiliated insurance companies wish to implement the 2012 ISO Commercial Property Multi-State rule and loss cost revisions with policies effective 6/1/2017 and after. The ISO Filing Designation and Circular numbers that we are adopting are listed in the explanatory memo located under the Supporting Documentation section.

In addition to the adoption of these ISO revisions, we are also submitting one proprietary rule exception to ISO rule 38.X. Fire Department Service Charge. The 2012 ISO multi-state revision to this rule amended the rating from policy to location level. We are keeping the rating methodology on a policy level.

## Company and Contact

### Filing Contact Information

Daniel Saillant, Senior Compliance

daniel.saillant@selective.com

Operations Analyst

40 Wantage Avenue

973-948-1851 [Phone]

Branchville, NJ 07890

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**State:** District of Columbia **First Filing Company:** Selective Insurance Company of America, ...  
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### Filing Company Information

Selective Insurance Company of  
America  
40 Wantage Avenue  
Branchville, NJ 07890  
(800) 777-9656 ext. [Phone]

CoCode: 12572  
Group Code: 242  
Group Name:  
FEIN Number: 22-1272390

State of Domicile: New Jersey  
Company Type:  
State ID Number:

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Selective Insurance Company of  
the Southeast  
40 Wantage Avenue  
Branchville, NJ 07890  
(800) 777-9656 ext. [Phone]

CoCode: 39926  
Group Code: 242  
Group Name:  
FEIN Number: 56-1285899

State of Domicile: Indiana  
Company Type:  
State ID Number:

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Selective Way Insurance Company  
40 Wantage Avenue  
Branchville, NJ 07890  
(800) 777-9656 ext. [Phone]

CoCode: 26301  
Group Code: 242  
Group Name:  
FEIN Number: 22-2001995

State of Domicile: New Jersey  
Company Type:  
State ID Number:

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### Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:

|                             |   |                              |   |
|-----------------------------|---|------------------------------|---|
| <b>State:</b>               | District of Columbia  | <b>First Filing Company:</b> | Selective Insurance Company of America, ... |
| <b>TOI/Sub-TOI:</b>         | 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)                 |                              |   |
| <b>Product Name:</b>        | Adoption of ISO's 2012 Commercial Property multistate revisions                   |                              |   |
| <b>Project Name/Number:</b> | Adoption of ISO's 2012 Commercial Property multistate revisions/ISOADOPT-2016-CFR |                              |   |

## Rate Information

Rate data applies to filing.

|  |            |
|--|------------|
| <b>Filing Method:</b>                            | File & Use |
| <b>Rate Change Type:</b>                         | Decrease   |
| <b>Overall Percentage of Last Rate Revision:</b> | 1.900%     |
| <b>Effective Date of Last Rate Revision:</b>     | 02/01/2017 |
| <b>Filing Method of Last Filing:</b>             | File & Use |

## Company Rate Information

| Company Name:                                | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|--|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| Selective Insurance Company of America       | 4.600%                      | -3.800%                | \$-4,159                                 | 61  | \$108,296                         | 0.000%                          | 0.000%                          |
| Selective Insurance Company of the Southeast | 4.600%                      | -2.600%                | \$-1,928                                 | 25  | \$73,757                          | 0.000%                          | 0.000%                          |
| Selective Way Insurance Company              | 4.600%                      | -9.700%                | \$-32,325                                | 72  | \$332,520                         | 0.000%                          | 0.000%                          |

|                      |   |                       |   |
|----------------------|---|-----------------------|---|
| State:               | District of Columbia  | First Filing Company: | Selective Insurance Company of America, ... |
| TOI/Sub-TOI:         | 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)                 |                       |   |
| Product Name:        | Adoption of ISO's 2012 Commercial Property multistate revisions                   |                       |   |
| Project Name/Number: | Adoption of ISO's 2012 Commercial Property multistate revisions/ISOADOPT-2016-CFR |                       |   |

## Rate/Rule Schedule

| Item No. | Schedule Item Status | Exhibit Name  | Rule # or Page # | Rate Action | Previous State Filing Number | Attachments                                    |
|----------|----------------------|---|------------------|-------------|------------------------------|--|
| 1        |                      | Exception Page - Fire Department Service Charge Revised Premium Determination | Rule 38.X        | New         |                              | CF-E-38.X_Fire_Dept_Svc_Charge_Prem_Determ.pdf |
| 2        |                      | LCM PAGE  | 2000DC           | Replacement | SELC-130758668               | CF 2000DC - LCM.pdf                            |

**COMMERCIAL LINES MANUAL  
DIVISION FIVE – FIRE AND ALLIED LINES  
EXCEPTION PAGE**

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**Rule 38.X. Fire Department Service Charge – Revised Premium Determination**

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Rule **38.X. 3.** Premium Determination is replaced by the following:

**3. Premium Determination**

Develop an additional premium for the portion of the Fire Department Service Charge Limit that exceeds \$1,000. To determine that premium, multiply the additional Limit (in hundreds) by the rate shown in the multi-state rates.

Rule **38.X.** multi-state Loss Cost is replaced by the following:

**3. Premium Determination**

Loss cost per \$100 of additional insurance is \$0.40.

**COMMERCIAL LINES MANUAL  
DIVISION FIVE – FIRE AND ALLIED LINES  
EXCEPTION PAGE**

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**2000DC. Loss Cost Multipliers**


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**A. Loss Cost Multipliers apply to the following ISO Filings:**

|            | <b>Filing Designation Number</b> | <b>Circular Number</b> |
|------------|----------------------------------|------------------------|
| Loss Costs | CF-2016-RLA1 (Ed.01-16)          | LI-CF-2016-044         |
| Earthquake | CF-2006-REQ1 (Ed.06-06)          | LI-CF-2006-128         |
| Glass      | G-96-RLA1 (Ed.02-97)             |                        |

**B. Loss Cost Multipliers:**

Selective Insurance Company of America (SICA)  
 Selective Way Insurance Company (SWIC)  
 Selective Insurance Company of the Southeast (SICSE)

| <b>Cause of Loss</b> | <b>Class Codes</b> | <b>SICA</b> | <b>SWIC</b> | <b>SICSE</b> |
|----------------------|--------------------|-------------|-------------|--------------|
| All                  | All                | 2.344       | 1.970       | 1.596        |

|                             |   |                              |   |
|-----------------------------|---|------------------------------|---|
| <b>State:</b>               | District of Columbia  | <b>First Filing Company:</b> | Selective Insurance Company of America, ... |
| <b>TOI/Sub-TOI:</b>         | 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)                 |                              |   |
| <b>Product Name:</b>        | Adoption of ISO's 2012 Commercial Property multistate revisions                   |                              |   |
| <b>Project Name/Number:</b> | Adoption of ISO's 2012 Commercial Property multistate revisions/ISOADOPT-2016-CFR |                              |   |

## Supporting Document Schedules

|                         |                          |
|-------------------------|--------------------------|
| <b>Bypassed - Item:</b> | Consulting Authorization |
| <b>Bypass Reason:</b>   | N/A                      |
| <b>Attachment(s):</b>   |                          |
| <b>Item Status:</b>     |                          |
| <b>Status Date:</b>     |                          |

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | Actuarial Certification (P&C)          |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | 06 - DC.CP ACTUARIAL CERTIFICATION.pdf |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |

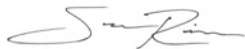
|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | District of Columbia and Countrywide Experience for the Last 5 Years (P&C) |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | 03 - DC 5-Yr Exp.pdf   |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | District of Columbia and Countrywide Loss Ratio Analysis (P&C)   |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | 01 - Explanatory Memo - Pricing.pdf<br>04 - DC 2017 CP Standard Filing + Indication.pdf<br>05 - LC Forms.pdf |
| <b>Item Status:</b>      |  |
| <b>Status Date:</b>      |  |



### **ACTUARIAL CERTIFICATION**

The indicated rate change for this filing is 4.6%. The proposed rate change for this filing is -7.5%. Selective Insurance Company of America and its affiliated insurance companies are not changing any rules at this time.

A handwritten signature in black ink, appearing to read 'Sean Ritson', with a stylized flourish at the end.

Sean Ritson, FCAS, MAAA  
Assistant Vice President - Actuarial Department  
Actuarial Manager – Commercial Lines Ratemaking

## Experience for the Last Five Years Commercial Property

Selective Insurance Company of America and its affiliated companies

| <b>District of Columbia</b> |                    |                |                    |                    |  |          |              |
|-----------------------------|--------------------|----------------|--------------------|--------------------|--|----------|--------------|
| Acc. Yr<br>Ending           | Written<br>Premium | Policy Holders | Reported<br>Claims | Ultimate<br>Claims |  | Eff Date | Rate Changes |
| 12/31/2011                  | 201,699            | 109            | 2                  | 2                  |  | 6/1/2013 | 4.4%         |
| 12/31/2012                  | 193,634            | 110            | 6                  | 6                  |  |          |              |
| 12/31/2013                  | 244,288            | 117            | 4                  | 4                  |  |          |              |
| 12/31/2014                  | 341,572            | 132            | 4                  | 4                  |  |          |              |
| 12/31/2015                  | 455,343            | 158            | 5                  | 5                  |  |          |              |

| <b>CountryWide</b> |                    |                |                    |                    |  |  |  |
|--------------------|--------------------|----------------|--------------------|--------------------|--|--|--|
| Acc. Yr<br>Ending  | Written<br>Premium | Policy Holders | Reported<br>Claims | Ultimate<br>Claims |  |  |  |
| 12/31/2011         | 139,615,054        | 50,450         | 3,099              | 3,099              |  |  |  |
| 12/31/2012         | 156,493,945        | 51,852         | 2,589              | 2,588              |  |  |  |
| 12/31/2013         | 174,059,855        | 55,687         | 2,523              | 2,524              |  |  |  |
| 12/31/2014         | 182,766,932        | 55,306         | 2,690              | 2,687              |  |  |  |
| 12/31/2015         | 197,428,844        | 58,611         | 2,479              | 2,490              |  |  |  |

## District of Columbia Commercial Property Explanatory Memorandum

Selective Insurance Company of America (SICA)  
Selective Way Insurance Company (SWIC)  
Selective Insurance Company of the Southeast (SICSE)

Selective Insurance Company of America and its affiliated insurance companies propose to adopt the following ISO circulars:

| Designation Number | Circular Number | Description                  |
|--------------------|-----------------|------------------------------|
| CF-2011-OFR11      | LI-CF-2012-229  | Forms                        |
| CF-2011-RLC11      | LI-CF-2012-229  | Loss Costs                   |
| CF-2011-RRU11      | LI-CF-2012-229  | Rules                        |
| CF-2012-RLC09      | LI-CF-2012-104  | Limit of Insurance Loss Cost |
| CF-2012-RRU09      | LI-CF-2012-103  | Limit of Insurance Rule      |
| CF-2013-RLA1       | LI-CF-2013-069  | Loss Costs                   |
| CF-2014-RLA1       | LI-CF-2014-070  | Loss Costs                   |
| CF-2016-RLA1       | LI-CF-2016-044  | Loss Costs                   |

The proposed effective date is 6/1/2017, and the overall effects of these changes are:

| Company | RLE   |
|---------|-------|
| SICA    | -3.8% |
| SWIC    | -9.7% |
| SICSE   | -2.6% |
| Total   | -7.5% |

Attached for your review are the following exhibits:

- Exhibit 1 -- State and Countrywide Indication Exhibits
- Exhibit 2 -- Development of the expense provisions used
- Exhibit 3 -- Calculation of Underwriting Profit Contingency using ROE Method
- Exhibit 4 -- State and Countrywide 5-year experience

Table of Contents

District of Columbia Filing

Standard Filing + Indication

| <u>Exhibit</u> | <u>Exhibit Name</u>                                  | <u># of Pages</u> |
|----------------|--|-------------------|
| Exhibit 1      | Indication Exhibit                                   | 4 Pages           |
| Exhibit 2      | Development of the expense provisions used           | 3 Pages           |
| Exhibit 3      | Calculation of profit provision using the ROE method | 3 Pages           |

**District of Columbia**  
**Commercial Property Pricing Review: July 2016**  
**Calculation of Indicated Rate Change: Target Effective Date is 6/01/2017**

| (1)               | (2)                | (3)                | (4)               | (5)                           | (6)                 | (7)                         | (8)                            |
|-------------------|--------------------|--------------------|-------------------|-------------------------------|---------------------|-----------------------------|--------------------------------|
| Fiscal/Acc Yr     | Age<br>(in months) | Written<br>Premium | Earned<br>Premium | Premium<br>On-Level<br>Factor | On-Level<br>Premium | Exposure<br>Trend<br>Factor | On-Level<br>Trended<br>Premium |
| FY Ending 03/2012 | 63                 | 189,458            | 206,733           | 1.202                         | 248,421             | 1.134                       | 281,710                        |
| FY Ending 03/2013 | 51                 | 212,192            | 202,275           | 1.147                         | 232,069             | 1.113                       | 258,293                        |
| FY Ending 03/2014 | 39                 | 259,936            | 236,851           | 1.087                         | 257,561             | 1.092                       | 281,257                        |
| FY Ending 03/2015 | 27                 | 342,194            | 307,085           | 1.061                         | 325,950             | 1.071                       | 349,093                        |
| FY Ending 03/2016 | 15                 | 521,104            | 415,617           | 1.035                         | 430,322             | 1.051                       | 452,268                        |
|                   |                    | 1,524,884          | 1,368,560         |                               | 1,494,324           |                             | 1,622,621                      |

| (1)               | (9a)                            | (9b)                                      | (10)          | (11)                            | (12)                            | (13)                    | (14)                                  | (15)                             |
|-------------------|---------------------------------|---|---------------|---------------------------------|---------------------------------|-------------------------|---------------------------------------|----------------------------------|
| Fiscal/Acc Yr     | Actual<br>Incurred<br>Loss+ALAE | Capped, Non-<br>CAT Incurred<br>Loss+ALAE | Capped<br>LDF | Capped<br>Ultimate<br>Loss+ALAE | Loaded<br>Ultimate<br>Loss+ALAE | Loss<br>Trend<br>Factor | Ratio<br>of ULAE to<br>Earned Premium | Adjusted<br>Ultimate<br>Loss+LAE |
| FY Ending 03/2012 | 352,445                         | 184,087                                   | 1.000         | 184,087                         | 368,063                         | 1.152                   | 0.036                                 | 434,151                          |
| FY Ending 03/2013 | 24,752                          | 24,752                                    | 1.000         | 24,752                          | 57,334                          | 1.118                   | 0.036                                 | 73,398                           |
| FY Ending 03/2014 | 42,642                          | 42,642                                    | 0.998         | 42,557                          | 92,130                          | 1.095                   | 0.036                                 | 111,008                          |
| FY Ending 03/2015 | 145,860                         | 145,860                                   | 0.995         | 145,130                         | 218,618                         | 1.066                   | 0.036                                 | 245,614                          |
| FY Ending 03/2016 | 22,739                          | 14,992                                    | 0.975         | 14,617                          | 80,089                          | 1.052                   | 0.036                                 | 100,535                          |
|                   | 588,437                         | 412,332                                   |               | 411,143                         | 816,235                         |                         |                                       | 964,706                          |

| (1)               | (16)                             | (17)                           | (18)                               | (19)    |
|-------------------|----------------------------------|--------------------------------|------------------------------------|---------|
| Fiscal/Acc Yr     | Adjusted<br>Ultimate<br>Loss+LAE | On-Level<br>Trended<br>Premium | Adj. Ultimate<br>Loss+LAE<br>Ratio | Weights |
| FY Ending 03/2012 | 434,151                          | 281,710                        | 154.1%                             | 20%     |
| FY Ending 03/2013 | 73,398                           | 258,293                        | 28.4%                              | 20%     |
| FY Ending 03/2014 | 111,008                          | 281,257                        | 39.5%                              | 20%     |
| FY Ending 03/2015 | 245,614                          | 349,093                        | 70.4%                              | 20%     |
| FY Ending 03/2016 | 100,535                          | 452,268                        | 22.2%                              | 20%     |
|                   | 964,706                          | 1,622,621                      |                                    |         |

|   |       |
|---|-------|
| (20) Weighted Projected Loss + LAE Ratio                        | 62.9% |
| (21) Fixed Expense Provision                                    | 13.7% |
| <i>General</i>  | 7.9%  |
| <i>Other Acquisition</i>  | 5.8%  |
| (22) Variable Expense Provision                                 | 24.4% |
| Commission  | 19.1% |
| Taxes, Licenses, and Fees                                       | 2.0%  |
| Reinsurance   | 3.3%  |
| (23) Underwriting Profit Provision Reflecting Investment Income | 10.7% |
| (24) Projected Loss, LAE, and Fixed Expense Ratio               | 76.6% |
| (25) Permissible Loss, LAE, and Fixed Expense Ratio             | 64.9% |
| (26a) Experience Indication                                     | 18.1% |
| (26b) Credibility of Experience Indication                      | 35.0% |
| (27a) Expected Indication (Regional)                            | -2.7% |
| (27b) Weight for Expected Indication                            | 65.0% |

|   |             |
|---|-------------|
| <b>(28) FINAL CREDIBILITY-WEIGHTED INDICATION</b> | <b>4.6%</b> |
|---|-------------|

**District of Columbia**  
**Commercial Property Pricing Review: July 2016**  
**Calculation of Indicated Rate Change**

Explanation of Items in Indicated Rate Change

- (1) The fiscal-accident years are 12-month periods ending on the date shown.
- (2) This is the maturity of the fiscal-accident period as of the evaluation date for this pricing review, which is July 2016.
- (3) These are actual premiums written during the 12-month fiscal-accident period.
- (4) These are actual premiums earned during the 12-month fiscal-accident period.
- (5) These factors adjust for pure rate changes through the effective date.
- (6) On-Level Premium = (4) x (5)
- (7) These factors adjust for inflationary growth in the exposure base over time.
- (8) On-Level Trended Earned Premium = (6) x (7).
- (9a) These are the actual incurred losses & paid ALAE for the 12-month fiscal-accident period.
- (9b) Capped losses & ALAE reflect limiting each claim to a maximum of \$200,000.
- (10) These factors account for IBNR. This includes late-reported claims and case development on known claims.
- (11) Capped Ultimate Loss & ALAE = (9b) x (10).
- (12) Loaded ultimate loss includes a provision for catastrophe claims and loss & ALAE in the layer above \$200,000 .
- (13) These factors adjust for frequency changes and inflationary changes in loss & ALAE amounts over time.
- (14) These factors provide for ULAE, which in this analysis is accounted for as a ratio to earned premium.
- (15) Adjusted Ultimate Loss & LAE = (12) x (13) + (8) x (14).
- (16) Column (15).
- (17) Column (8).
- (18) Adjusted Ultimate Loss & LAE Ratio = (16) / (17).
- (19) This is the amount of weight Actuarial has selected to give to each fiscal-accident year when calculating the rate level indication.
- (20) Weighted Projected Loss & LAE Ratio equals the product of columns (18) and (19).
- (21) This factor provides for expenses that in the short-term do not vary based on volume of business.
- (22) This factor provides for expenses that do vary in proportion to the amount of premium.
- (23) This factor provides for a 14% return on equity.
- (24) Projected Loss, LAE and Fixed Expense Ratio = (20) + (21).
- (25) Permissible Loss, LAE and Fixed Expense Ratio = 100% - (22) - (23).
- (26a) Experience Indication = (24) / (25) - 1.
- (26b) Credibility = square root of [sum of column (8) for years used in indication / \$75,000,000], subject to a minimum of 35% and a maximum of 100%.
- (27a) To the extent that the experience is not fully credible, the expected indication provides an alternative estimate of the indicated rate change.
- (27b) Weight = [1.000 - (26b)]
- (28) Final Credibility-Weighted Indication = [(26a)x(26b) + (27a)x(27b)].

**Countrywide**  
**Commercial Property Pricing Review: July 2016**  
**Calculation of Indicated Rate Change: Target Effective Date is 6/01/2017**

| (1)               | (2)                | (3)                | (4)               | (5)                           | (6)                 | (7)                         | (8)                            |
|-------------------|--------------------|--------------------|-------------------|-------------------------------|---------------------|-----------------------------|--------------------------------|
| Fiscal/Acc Yr     | Age<br>(in months) | Written<br>Premium | Earned<br>Premium | Premium<br>On-Level<br>Factor | On-Level<br>Premium | Exposure<br>Trend<br>Factor | On-Level<br>Trended<br>Premium |
| FY Ending 03/2012 | 63                 | 139,467,301        | 135,042,470       | 1.220                         | 164,694,005         | 1.134                       | 186,836,094                    |
| FY Ending 03/2013 | 51                 | 156,970,773        | 148,583,095       | 1.183                         | 175,714,257         | 1.113                       | 195,616,457                    |
| FY Ending 03/2014 | 39                 | 174,326,425        | 166,109,268       | 1.118                         | 185,734,919         | 1.092                       | 202,886,379                    |
| FY Ending 03/2015 | 27                 | 185,841,590        | 178,872,938       | 1.065                         | 190,490,772         | 1.071                       | 204,103,749                    |
| FY Ending 03/2016 | 15                 | 199,040,996        | 192,931,346       | 1.032                         | 199,087,596         | 1.051                       | 209,317,531                    |
|                   |                    | 855,647,085        | 821,539,118       |                               | 915,721,549         |                             | 998,760,210                    |

| (1)               | (9a)                            | (9b)                                      | (10)          | (11)                            | (12)                            | (13)                    | (14)                                  | (15)                             |
|-------------------|---------------------------------|---|---------------|---------------------------------|---------------------------------|-------------------------|---------------------------------------|----------------------------------|
| Fiscal/Acc Yr     | Actual<br>Incurred<br>Loss+ALAE | Capped, Non-<br>CAT Incurred<br>Loss+ALAE | Capped<br>LDF | Capped<br>Ultimate<br>Loss+ALAE | Loaded<br>Ultimate<br>Loss+ALAE | Loss<br>Trend<br>Factor | Ratio<br>of ULAE to<br>Earned Premium | Adjusted<br>Ultimate<br>Loss+LAE |
| FY Ending 03/2012 | 101,458,408                     | 37,029,094                                | 1.000         | 37,029,094                      | 80,325,546                      | 1.163                   | 0.039                                 | 100,722,767                      |
| FY Ending 03/2013 | 115,010,412                     | 41,282,780                                | 1.000         | 41,282,780                      | 88,995,228                      | 1.139                   | 0.039                                 | 108,959,382                      |
| FY Ending 03/2014 | 119,549,294                     | 44,759,247                                | 0.998         | 44,669,728                      | 96,167,849                      | 1.115                   | 0.039                                 | 115,175,174                      |
| FY Ending 03/2015 | 94,779,546                      | 42,060,507                                | 0.995         | 41,850,204                      | 91,723,564                      | 1.091                   | 0.039                                 | 108,035,490                      |
| FY Ending 03/2016 | 86,800,377                      | 39,049,132                                | 0.975         | 38,072,904                      | 88,625,200                      | 1.064                   | 0.039                                 | 102,433,612                      |
|                   | 517,598,037                     | 204,180,760                               |               | 202,904,711                     | 445,837,387                     |                         |                                       | 535,326,424                      |

| (1)               | (16)                             | (17)                           | (18)                               | (19)    |
|-------------------|----------------------------------|--------------------------------|------------------------------------|---------|
| Fiscal/Acc Yr     | Adjusted<br>Ultimate<br>Loss+LAE | On-Level<br>Trended<br>Premium | Adj. Ultimate<br>Loss+LAE<br>Ratio | Weights |
| FY Ending 03/2012 | 100,722,767                      | 186,836,094                    | 53.9%                              | 20%     |
| FY Ending 03/2013 | 108,959,382                      | 195,616,457                    | 55.7%                              | 20%     |
| FY Ending 03/2014 | 115,175,174                      | 202,886,379                    | 56.8%                              | 20%     |
| FY Ending 03/2015 | 108,035,490                      | 204,103,749                    | 52.9%                              | 20%     |
| FY Ending 03/2016 | 102,433,612                      | 209,317,531                    | 48.9%                              | 20%     |
|                   | 535,326,424                      | 998,760,210                    |                                    |         |

|   |             |
|---|-------------|
| (20) Weighted Projected Loss + LAE Ratio                        | 53.6%       |
| (21) Fixed Expense Provision                                    | 13.5%       |
| <i>General</i>  | 7.7%        |
| <i>Other Acquisition</i>  | 5.8%        |
| (22) Variable Expense Provision                                 | 26.5%       |
| Commission  | 18.8%       |
| Taxes, Licenses, and Fees                                       | 2.1%        |
| Reinsurance   | 5.5%        |
| (23) Underwriting Profit Provision Reflecting Investment Income | 10.7%       |
| (24) Projected Loss, LAE, and Fixed Expense Ratio               | 67.1%       |
| (25) Permissible Loss, LAE, and Fixed Expense Ratio             | 62.8%       |
| (26a) Experience Indication                                     | 6.9%        |
| (26b) Credibility of Experience Indication                      | 100.0%      |
| (27a) Expected Indication                                       | 0.0%        |
| (27b) Weight for Expected Indication                            | 0.0%        |
| <b>(28) FINAL CREDIBILITY-WEIGHTED INDICATION</b>               | <b>6.9%</b> |

**Countrywide**  
**Commercial Property Pricing Review: July 2016**  
**Calculation of Indicated Rate Change**

Explanation of Items in Indicated Rate Change

- (1) The fiscal-accident years are 12-month periods ending on the date shown.
- (2) This is the maturity of the fiscal-accident period as of the evaluation date for this pricing review, which is July 2016.
- (3) These are actual premiums written during the 12-month fiscal-accident period.
- (4) These are actual premiums earned during the 12-month fiscal-accident period.
- (5) These factors adjust for pure rate changes through the effective date.
- (6) On-Level Premium = (4) x (5)
- (7) These factors adjust for inflationary growth in the exposure base over time.
- (8) On-Level Trended Earned Premium = (6) x (7).
- (9a) These are the actual incurred losses & paid ALAE for the 12-month fiscal-accident period.
- (9b) Capped losses & ALAE reflect limiting each claim to a maximum of \$200,000.
- (10) These factors account for IBNR. This includes late-reported claims and case development on known claims.
- (11) Capped Ultimate Loss & ALAE = (9b) x (10).
- (12) Loaded ultimate loss includes a provision for catastrophe claims and loss & ALAE in the layer above \$200,000 .
- (13) These factors adjust for frequency changes and inflationary changes in loss & ALAE amounts over time.
- (14) These factors provide for ULAE, which in this analysis is accounted for as a ratio to earned premium.
- (15) Adjusted Ultimate Loss & LAE = (12) x (13) + (8) x (14).
- (16) Column (15).
- (17) Column (8).
- (18) Adjusted Ultimate Loss & LAE Ratio = (16) / (17).
- (19) This is the amount of weight Actuarial has selected to give to each fiscal-accident year when calculating the rate level indication.
- (20) Weighted Projected Loss & LAE Ratio equals the product of columns (18) and (19).
- (21) This factor provides for expenses that in the short-term do not vary based on volume of business.
- (22) This factor provides for expenses that do vary in proportion to the amount of premium.
- (23) This factor provides for a 14% return on equity.
- (24) Projected Loss, LAE and Fixed Expense Ratio = (20) + (21).
- (25) Permissible Loss, LAE and Fixed Expense Ratio = 100% - (22) - (23).
- (26a) Experience Indication = (24) / (25) - 1.
- (26b) Credibility = square root of [sum of column (8) for years used in indication / \$75,000,000], subject to a minimum of 35% and a maximum of 100%.
- (27a) To the extent that the experience is not fully credible, the expected indication provides an alternative estimate of the indicated rate change.
- (27b) Weight = [1.000 - (26b)]
- (28) Final Credibility-Weighted Indication = [(26a)x(26b) + (27a)x(27b)].



**SELECTIVE INSURANCE COMPANY OF AMERICA AND ITS AFFILIATED COMPANIES**  
**SUMMARY OF EXPENSES**  
**CONSOLIDATED IEE**

|                              | 2013          |          | 2014          |          | 2015          |          | PAST 3 YEARS  |          |                       |
|------------------------------|---------------|----------|---------------|----------|---------------|----------|---------------|----------|-----------------------|
|                              | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> |                       |
| DIRECT PREMIUMS WRITTEN      | 215,436       |          | 221,733       |          | 239,932       |          | 677,101       |          | Selected<br>Provision |
| DIRECT PREMIUMS EARNED       | 204,502       |          | 219,429       |          | 230,852       |          | 654,783       |          |                       |
| * DIRECT LOSSES INCURRED     | 72,261        | 35.3%    | 151,888       | 69.2%    | 95,530        | 41.4%    | 319,679       | 48.8%    |                       |
| # OTHER ACQUISITION EXPENSES | 11,847        | 5.5%     | 13,367        | 6.0%     | 14,256        | 5.9%     | 39,470        | 5.8%     | 5.8%                  |
| # GENERAL EXPENSES INCURRED  | 17,375        | 8.1%     | 16,451        | 7.4%     | 19,328        | 8.1%     | 53,154        | 7.9%     | 7.9%                  |
| * DIRECT LOSS ADJ. EXPENSES  | 11,451        | 5.6%     | 11,543        | 5.3%     | 12,401        | 5.4%     | 35,395        | 5.4%     |                       |
| UNALLOCATED LOSS ADJ. EXP.   | 10,797        | 5.3%     | 8,639         | 3.9%     | 10,002        | 4.3%     | 29,438        | 4.5%     | 3.6%                  |
| ALLOCATED LOSS ADJ. EXP.     | 654           | 0.3%     | 2,904         | 1.3%     | 2,399         | 1.0%     | 5,957         | 0.9%     |                       |

# THE RATIO GIVEN FOR THIS ITEM IS A RATIO TO WRITTEN PREMIUM.

\* THE RATIO GIVEN FOR THIS ITEM IS A RATIO TO EARNED PREMIUM.

NOTE: ALL DOLLAR AMOUNTS GIVEN IN THOUSANDS.

## District of Columbia Commercial Property

### Taxes, Licenses, & Fees Selection

| Annual Statement |                                |                  |          |
|------------------|--------------------------------|------------------|----------|
| Calendar         | Written                        | Taxes, Licenses, |          |
| <u>Year</u>      | <u>Premium</u>                 | <u>and Fees</u>  | <u>%</u> |
| 2013             | 253,866                        | 4,482            | 1.8%     |
| 2014             | 422,129                        | 9,513            | 2.3%     |
| 2015             | 563,076                        | 10,980           | 2.0%     |
| Total            | <b>3-Year Straight Average</b> |                  | 2.0%     |

SELECTED: **2.0%**

### Commissions

| Annual Statement |                                |                  |          |
|------------------|--------------------------------|------------------|----------|
| Calendar         | Written                        | Commissions &    |          |
| <u>Year</u>      | <u>Premium</u>                 | <u>Brokerage</u> | <u>%</u> |
| 2013             | 253,866                        | 288,308          | 113.6%   |
| 2014             | 422,129                        | 79,393           | 18.8%    |
| 2015             | 563,076                        | 109,277          | 19.4%    |
| Total            | <b>2-Year Straight Average</b> |                  | 19.1%    |

SELECTED: **19.1%**

**Selective Insurance Company of America and Its Affiliated Companies**  
**District of Columbia Commerical Property**  
**Calculation of Catastrophe Reinsurance Cost**

Allocation of Reinsurance Cost by Region and Line of Business

| Region                       | (1)<br>Reinsurance Cost 2015 |
|------------------------------|------------------------------|
| Commercial Lines All Regions | <b>20,198,750</b>            |

| Region             | (2)<br>Allocation to Region % | (3) = (1) x (2)<br>Allocation to Region \$ |
|--------------------|-------------------------------|--|
| MidAtlantic Region | 12.35%                        | 2,494,590                                  |

| Line of Business     | (4)<br>Total Allocation |
|----------------------|-------------------------|
| Commercial Property  | 65.8%                   |
| Merchant's PRO       | 21.6%                   |
| Inland Marine        | 6.6%                    |
| Auto Physical Damage | 6.0%                    |

| Line of Business     | (5) = (3) x (4)<br>MidAtlantic Reinsurance Cost |
|----------------------|---|
| Commercial Property  | 1,641,488                                       |
| Merchant's PRO       | 539,303   |
| Inland Marine        | 164,129   |
| Auto Physical Damage | 149,670   |

Written Premium  
Calculation of Reinsurance Load

| Line of Business     | (6) Written Premium<br>MidAtlantic Region |
|----------------------|---|
| Commercial Property  | 49,391,486                                |
| Merchant's PRO       | 20,143,196                                |
| Inland Marine        | 18,386,179                                |
| Auto Physical Damage | 23,091,359                                |

| Line of Business           | (7) Reinsurance Load = (5)/(6)<br>MidAtlantic Region |
|----------------------------|--|
| <b>Commercial Property</b> | <b>3.3%</b>  |
| Merchant's PRO             | 2.7%   |
| Inland Marine              | 0.9%   |
| Auto Physical Damage       | 0.6%   |

**Selective Insurance Company of America and its Affiliates**  
**Calculation of Undewriting Profit Provision**  
**District of Columbia Commercial Property**

|                                |              |
|--------------------------------|--------------|
| Policy Premium                 | \$1,000      |
| Acquisition Expenses           | 24.9%        |
| General Expenses               | 7.9%         |
| Taxes, Licenses and Fees       | 2.0%         |
| Dividends                      | 0.0%         |
| Reinsurance + Res. Market Load | 6.9%         |
| Underwriting Profit Provision  | <b>10.7%</b> |
| Expected Loss Ratio (ELR)      | 47.5%        |
| Premium to Surplus Ratio       | <b>1.399</b> |
| Investment Yield Rate          | <b>2.1%</b>  |
| Income Tax Rate                | 35.0%        |
| Investment Tax Rate            | 24.7%        |
| ROE                            | <b>14.1%</b> |
| Combined Ratio                 | <b>89.3%</b> |
| Selected Profit Provision      | <b>10.7%</b> |

**Selective Insurance Company of America and its Affiliates**  
**Calculation of Undewriting Profit Provision**  
**District of Columbia Commercial Property**

| <u>Year</u> | Cumulative<br>Premium<br><u>Received</u> | Cumulative<br>Expenses<br><u>Paid</u> | Cumulative<br>Premium<br><u>Earned</u> | Cumulative<br>Losses<br><u>Paid</u> |
|-------------|--|---------------------------------------|--|-------------------------------------|
| 0           | 0.0%                                     | 0%                                    | 0%                                     | 0.0%                                |
| 1           | 100.0%                                   | 100%                                  | 50%                                    | 24.7%                               |
| 2           | 100.0%                                   | 100%                                  | 100%                                   | 88.2%                               |
| 3           | 100.0%                                   | 100%                                  | 100%                                   | 96.6%                               |
| 4           | 100.0%                                   | 100%                                  | 100%                                   | 98.1%                               |
| 5           | 100.0%                                   | 100%                                  | 100%                                   | 99.0%                               |
| 6           | 100.0%                                   | 100%                                  | 100%                                   | 99.4%                               |
| 7           | 100.0%                                   | 100%                                  | 100%                                   | 99.8%                               |
| 8           | 100.0%                                   | 100%                                  | 100%                                   | 99.8%                               |
| 9           | 100.0%                                   | 100%                                  | 100%                                   | 99.9%                               |
| 10          | 100.0%                                   | 100%                                  | 100%                                   | 99.9%                               |
| 11          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 12          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 13          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 14          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 15          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 16          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 17          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 18          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 19          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |
| 20          | 100.0%                                   | 100%                                  | 100%                                   | 100.0%                              |

**Selective Insurance Company of America and its Affiliates**  
**Calculation of Undewriting Profit Provision**  
**District of Columbia Commercial Property**

| <u>Year</u> | <u>Cumulative Premium Paid</u> | <u>Cumulative Earned Premium</u> | <u>Cumulative Expenses Paid</u> | <u>Cumulative Loss Incurred</u> | <u>Cumulative Losses Paid</u> | <u>Cumulative Surplus Commitment</u> | <u>Investment Funds</u> | <u>Annual Investment Income</u> | <u>Cumulative Underwriting Income</u> | <u>Cumulative Investment Income</u> | <u>Cumulative Tax Paid</u> |
|-------------|--------------------------------|----------------------------------|---------------------------------|---------------------------------|-------------------------------|--------------------------------------|-------------------------|---------------------------------|---------------------------------------|-------------------------------------|----------------------------|
| 0           | \$ -                           | \$ -                             |                                 | \$ -                            | \$ -                          | \$ -                                 | \$ -                    | \$ -                            | \$ -                                  | \$ -                                | \$ -                       |
| 1           | \$ 1,000                       | \$ 500                           | \$ 348                          | \$ 238                          | \$ 117                        | \$ 715                               | \$ 1,250.00             | \$ 12.99                        | \$ (86)                               | \$ 12.99                            | \$ (26.89)                 |
| 2           | \$ 1,000                       | \$ 1,000                         | \$ 383                          | \$ 475                          | \$ 419                        | \$ 715                               | \$ 952.88               | \$ 22.90                        | \$ 142                                | \$ 35.89                            | \$ 58.57                   |
| 3           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 459                        | \$ -                                 | \$ 101.32               | \$ 10.96                        | \$ 108                                | \$ 46.85                            | \$ 49.38                   |
| 4           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 466                        | \$ -                                 | \$ 114.47               | \$ 2.24                         | \$ 108                                | \$ 49.09                            | \$ 49.93                   |
| 5           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 471                        | \$ -                                 | \$ 111.16               | \$ 2.35                         | \$ 108                                | \$ 51.44                            | \$ 50.51                   |
| 6           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 473                        | \$ -                                 | \$ 110.93               | \$ 2.31                         | \$ 108                                | \$ 53.75                            | \$ 51.08                   |
| 7           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 474                        | \$ -                                 | \$ 111.67               | \$ 2.31                         | \$ 108                                | \$ 56.06                            | \$ 51.65                   |
| 8           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 474                        | \$ -                                 | \$ 113.41               | \$ 2.34                         | \$ 108                                | \$ 58.40                            | \$ 52.23                   |
| 9           | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 114.17               | \$ 2.37                         | \$ 108                                | \$ 60.77                            | \$ 52.82                   |
| 10          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 115.95               | \$ 2.39                         | \$ 108                                | \$ 63.16                            | \$ 53.41                   |
| 11          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 117.75               | \$ 2.43                         | \$ 108                                | \$ 65.59                            | \$ 54.01                   |
| 12          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 119.58               | \$ 2.47                         | \$ 108                                | \$ 68.06                            | \$ 54.62                   |
| 13          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 121.44               | \$ 2.51                         | \$ 108                                | \$ 70.57                            | \$ 55.24                   |
| 14          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 123.33               | \$ 2.54                         | \$ 108                                | \$ 73.11                            | \$ 55.87                   |
| 15          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 125.24               | \$ 2.58                         | \$ 108                                | \$ 75.69                            | \$ 56.51                   |
| 16          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 127.18               | \$ 2.62                         | \$ 108                                | \$ 78.31                            | \$ 57.16                   |
| 17          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 129.15               | \$ 2.66                         | \$ 108                                | \$ 80.97                            | \$ 57.82                   |
| 18          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 131.15               | \$ 2.71                         | \$ 108                                | \$ 83.68                            | \$ 58.49                   |
| 19          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 133.19               | \$ 2.75                         | \$ 108                                | \$ 86.43                            | \$ 59.17                   |
| 20          | \$ 1,000                       | \$ 1,000                         | \$ 417                          | \$ 475                          | \$ 475                        | \$ -                                 | \$ 135.26               | \$ 2.79                         | \$ 108                                | \$ 89.22                            | \$ 59.86                   |

|                                  |           |
|----------------------------------|-----------|
| PV of fund at the end of year 1: | \$ 100.69 |
| GAAP Surplus:                    | \$ 715    |
| ROE:                             | 14.1%     |
| Combined Ratio:                  | 89.3%     |

|   |
|---|
| Space Reserved for Bureau of<br>Insurance Use |
|   |

Date: 11/3/2016

**DISTRICT OF COLUMBIA  
INSURER RATE FILING  
ADOPTION OF RATE SERVICE ORGANIZATION  
PROSPECTIVE LOSS COSTS  
REFERENCE FILING ADOPTION FORM**

1. INSURER NAME Selective Insurance Company of the Southeast

ADDRESS 40 Wantage Avenue  
Branchville NJ 07890

PERSON RESPONSIBLE FOR FILING Daniel Saillant

TITLE Senior Compliance Operations Analyst

2. INSURER NAIC # 242 39926 (SICSE)

3. LINE OF INSURANCE Commercial Property

4. RATING ORGANIZATION ISO

5. RATING ORGANIZATION REFERENCE FILING # [See Explanatory Memo](#)

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named rating organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing the prospective loss costs in the captioned Reference Filing.

The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. PROPOSED RATE LEVEL CHANGE -2.6% EFFECTIVE DATE 6/1/2017

8. PRIOR RATE LEVEL CHANGE 0.3% EFFECTIVE DATE 2/1/2017

9. ATTACH "SUMMARY OF SUPPORTING INFORMATION FORM"  
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. CHECK ONE OF THE FOLLOWING:

☐

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the rating organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or amended or withdrawn by the insurer.

☒

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

INSURER NAME: Selective Insurance Company of the SoutheastDATE: 11/3/2016NAIC NUMBER: 242 39926 (SICSE)

**DISTRICT OF COLUMBIA  
INSURER RATE FILING  
ADOPTION OF RATE SERVICE ORGANIZATION PROSPECTIVE LOSS COSTS  
SUMMARY OF SUPPORTING INFORMATION FORM**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER WITHOUT EXPENSE CONSTANTS**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:

**SICSE - Commercial Property - All Causes of Loss**

**Class Codes: All Class Codes**

2. Loss Cost Modification:

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(CHECK ONE)

☐

Without modification. (factor = 1.000)

☒

With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

**-18.3% deviation to achieve target rate level effect.**

- B. Loss Cost Modification Expressed as a Factor:  
(See examples below.)

**0.817**

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

|   | Selected Provisions |
|---|---------------------|
| A. Total Production Expense             | <b>24.9%</b>        |
| B. General Expense                      | <b>7.9%</b>         |
| C. Taxes, Licenses & Fees               | <b>2.0%</b>         |
| D. Underwriting Profit & Contingencies* | <b>10.7%</b>        |
| E. Other (Reinsurance)                  | <b>3.3%</b>         |
| F. TOTAL                                | <b>48.8%</b>        |

\* Includes as an offset, or attach an exhibit calculating investment income and explain how it is taken into account in line D. Underwriting Profit & Contingencies.

4A. Expected Loss Ratio:  $ELR = 100\% - 3F =$

**51.2%**

4B. ELR in decimal form =

**0.512**

5. Company Formula Loss Cost Multiplier:  $(2B / 4B) =$

**1.596**

6. Company Selected Loss Cost Multiplier =

**1.596**

Explain any differences between 5 and 6:

7. Rate Level change for the coverages to which this page applies

**-2.6%**

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 ( $1.000 - .100$ ) should be used.

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 ( $1.000 + .150$ ) should be used.

DISTRICT OF COLUMBIA



|   |
|---|
| Space Reserved for Bureau of<br>Insurance Use |
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Date: 11/3/2016

**DISTRICT OF COLUMBIA  
INSURER RATE FILING  
ADOPTION OF RATE SERVICE ORGANIZATION  
PROSPECTIVE LOSS COSTS  
REFERENCE FILING ADOPTION FORM**

1. INSURER NAME Selective Insurance Company of America

ADDRESS 40 Wantage Avenue  
Branchville NJ 07890

PERSON RESPONSIBLE FOR FILING Daniel Saillant

TITLE Senior Compliance Operations Analyst

2. INSURER NAIC # 242 12572 (SICA)

3. LINE OF INSURANCE Commercial Property

4. RATING ORGANIZATION ISO

5. RATING ORGANIZATION REFERENCE FILING # [See Explanatory Memo](#)

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named rating organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing the prospective loss costs in the captioned Reference Filing.

The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. PROPOSED RATE LEVEL CHANGE -3.8% EFFECTIVE DATE 6/1/2017

8. PRIOR RATE LEVEL CHANGE 2.8% EFFECTIVE DATE 2/1/2017

9. ATTACH "SUMMARY OF SUPPORTING INFORMATION FORM"  
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. CHECK ONE OF THE FOLLOWING:

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the rating organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or amended or withdrawn by the insurer.

☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

INSURER NAME: Selective Insurance Company of AmericaDATE: 11/3/2016NAIC NUMBER: 242 12572 (SICA)

**DISTRICT OF COLUMBIA  
INSURER RATE FILING  
ADOPTION OF RATE SERVICE ORGANIZATION PROSPECTIVE LOSS COSTS  
SUMMARY OF SUPPORTING INFORMATION FORM**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER WITHOUT EXPENSE CONSTANTS**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:

**SICA - Commercial Property - All Causes of Loss****Class Codes: All Class Codes**

2. Loss Cost Modification:

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
- 
- (CHECK ONE)

☐

Without modification. (factor = 1.000)

☒

With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

**20.0% deviation to achieve target rate level effect.**

- B. Loss Cost Modification Expressed as a Factor:
- 
- (See examples below.)

1.200

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

|   | Selected Provisions |
|---|---------------------|
| A. Total Production Expense             | <u>24.9%</u>        |
| B. General Expense                      | <u>7.9%</u>         |
| C. Taxes, Licenses & Fees               | <u>2.0%</u>         |
| D. Underwriting Profit & Contingencies* | <u>10.7%</u>        |
| E. Other (Reinsurance)                  | <u>3.3%</u>         |
| F. TOTAL                                | <u>48.8%</u>        |

\* Includes as an offset, or attach an exhibit calculating investment income and explain how it is taken into account in line D. Underwriting Profit &amp; Contingencies.

4A. Expected Loss Ratio:  $ELR = 100\% - 3F =$ 51.2%

4B. ELR in decimal form =

0.5125. Company Formula Loss Cost Multiplier:  $(2B / 4B) =$ 2.344

6. Company Selected Loss Cost Multiplier =

2.344

Explain any differences between 5 and 6:

7. Rate Level change for the coverages to which this page applies

-3.8%

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 (1.000 + .150) should be used.

DISTRICT OF COLUMBIA

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Date: 11/3/2016

**DISTRICT OF COLUMBIA  
INSURER RATE FILING  
ADOPTION OF RATE SERVICE ORGANIZATION  
PROSPECTIVE LOSS COSTS  
REFERENCE FILING ADOPTION FORM**

1. INSURER NAME Selective Way Insurance Company

ADDRESS 40 Wantage Avenue  
Branchville NJ 07890

PERSON RESPONSIBLE FOR FILING Daniel Saillant

TITLE Senior Compliance Operations Analyst

2. INSURER NAIC # 242 26301 (SWIC)

3. LINE OF INSURANCE Commercial Property

4. RATING ORGANIZATION ISO

5. RATING ORGANIZATION REFERENCE FILING # [See Explanatory Memo](#)

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named rating organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing the prospective loss costs in the captioned Reference Filing.

The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. PROPOSED RATE LEVEL CHANGE -9.7% EFFECTIVE DATE 6/1/2017

8. PRIOR RATE LEVEL CHANGE 2.0% EFFECTIVE DATE 2/1/2017

9. ATTACH "SUMMARY OF SUPPORTING INFORMATION FORM"  
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. CHECK ONE OF THE FOLLOWING:

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the rating organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or amended or withdrawn by the insurer.

☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

INSURER NAME: Selective Way Insurance CompanyDATE: 11/3/2016NAIC NUMBER: 242 26301 (SWIC)

**DISTRICT OF COLUMBIA  
INSURER RATE FILING  
ADOPTION OF RATE SERVICE ORGANIZATION PROSPECTIVE LOSS COSTS  
SUMMARY OF SUPPORTING INFORMATION FORM**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER WITHOUT EXPENSE CONSTANTS**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:

**SWIC - Commercial Property - All Causes of Loss**

**Class Codes: All Class Codes**

2. Loss Cost Modification:

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(CHECK ONE)

☐

Without modification. (factor = 1.000)

☒

With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

**0.9% deviation to achieve target rate level effect.**

- B. Loss Cost Modification Expressed as a Factor:  
(See examples below.)

**1.009**

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

|   | Selected Provisions |
|---|---------------------|
| A. Total Production Expense             | <b>24.9%</b>        |
| B. General Expense                      | <b>7.9%</b>         |
| C. Taxes, Licenses & Fees               | <b>2.0%</b>         |
| D. Underwriting Profit & Contingencies* | <b>10.7%</b>        |
| E. Other (Reinsurance)                  | <b>3.3%</b>         |
| F. TOTAL                                | <b>48.8%</b>        |

\* Includes as an offset, or attach an exhibit calculating investment income and explain how it is taken into account in line D. Underwriting Profit & Contingencies.

4A. Expected Loss Ratio:  $ELR = 100\% - 3F =$

**51.2%**

4B. ELR in decimal form =

**0.512**

5. Company Formula Loss Cost Multiplier:  $(2B / 4B) =$

**1.970**

6. Company Selected Loss Cost Multiplier =

**1.970**

Explain any differences between 5 and 6:

7. Rate Level change for the coverages to which this page applies

**-9.7%**

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 ( $1.000 - .100$ ) should be used.

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 ( $1.000 + .150$ ) should be used.

DISTRICT OF COLUMBIA